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C O N F I D E N T I A L SECTION 01 OF 02 PRETORIA 002599

SIPDIS

DEPARTMENT FOR S, P, AF, AF/S; NSC FOR AFRICA DIRECTOR

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SUBJECT: OPPOSITION TO MBEKI'S POLICIES AT ANC CONFERENCE
IN PRETORIA

REF: PRETORIA 02333

Classified By: Ambassador Jendayi E. Frazer.
Reasons: 1.4 (B&D).

1. (U) Summary: There appeared to be a popular revolt by provincial representatives against South African President Thabo Mbeki's proposed program to legislate a dual economy and redesign the ruling ANC party on the first day (June 30) of a four-day ANC National General Council (NGC) conference in Pretoria. Pressure by supporters of fired former Deputy President Jacob Zuma also led to a reversal of Zuma's decision to resign as ANC Deputy President pending the outcome of his trial in Durban on two counts of corruption. Municipal elections in December or early 2006 could indicate a weakening trend in the dominance of the ANC, a party in increasing disunity. End Summary.

2. (U) Reportedly, ANC delegates from key provinces (Eastern Cape, KwaZulu-Natal, Gauteng and the Free State) at the June 30-July 3 ANC National General Council (NGC) meeting at the University of Pretoria are poised to reject two discussion documents: "Development and Underdevelopment" and "The Organization Design of the ANC." A July 1 Mail&Guardian newspaper report noted that this move could derail ANC President Thabo Mbeki's plans to legislate a dual labor market by easing or eliminating high labor costs and regulations to address the unemployment rate and also hamper a move toward a more technocratic ANC with recalcitrant branches and provinces being brought more firmly under the control of Luthuli House (ANC Headquarters in Johannesburg), respectively.

3. (U) There was also a groundswell of support at the conference for former Deputy President Jacob Zuma. Mbeki had fired Zuma on June 14 in the wake of the early June conviction of Zuma's former financial advisor for corruption and fraud and Zuma's indictment on two counts of corruption. Zuma and Mbeki entered the conference together, avoiding different receptions from their supporters and sat collegially next to each other. Zuma's KZN supporters wore t-shirts pronouncing his innocence.

4. (C) Unusually, diplomats have not been invited to attend any sessions of the ANC NGC, including the opening meeting, which, according to a reliable source, started two hours late due to efforts to keep the Zuma issue off of the agenda completely and get on with the course of business. Our source stated that "everyone was for Zuma" and not one liberation song was sung in honor of Mbeki, but Mandela, Zuma, and Oliver Tambo's wife received several songs. All but one of South Africa's nine provinces (Gauteng where party discipline held), the ANCYL, and COSATU wanted Zuma to participate in the ANC National Executive Council (NEC) meeting and demanded that he retain his position as ANC Deputy President, notwithstanding his firing as the SAG Deputy President.

5. (C) Zuma, our source stated, came out and said that no one had forced him to not participate in ANC affairs, affirming that it was his decision alone. However, Zuma noted that since it was the "sentiment of the movement" and the peoples' wish that he continue to serve in party affairs, he would do so. Our source affirmed that it was a showdown, and Zuma, who welcomed charges and his day in court, won the day. The source also stated that people do not like Mbeki's economic policies, and he does not know how to deliver his message on those policies. For example, he does not even symbolically deal with the challenges in the townships. The source saw a parallel to the situation in Zimbabwe, whereby the unpopularity of Mbeki's policies could allow populism to win the day.

6. (U) Nonetheless, ANC leaders opened the conference with a show of unity, with renewed criticism of patronage and factionalism within the party, dominant themes from Luthuli House in recent weeks. ANC Secretary General Kgalema Motlanthe claimed that the single-minded pursuit of access to and control of public resources and ascendancy to authority by ANC cadres threatened to paralyze the party. The central challenge was "to address the problems that arise from our cadres susceptibility to moral decay occasioned by the struggle for the control of and access to resources." He

noted that recent grassroots protests over poor municipal service delivery was a direct consequence of growing patronage in the party, fueling the perception that the ANC only comes at election time. He reportedly questioned the correctness of public servants having business interests that do not predate assumption of public office and suggested an automatic review by "a dedicated government agency" to eliminate any conflict of interest.

17. (U) Motlanthe bemoaned the disconnect between party structures and the government the ANC controls, resulting in a breakdown of trust between provincial ANC structures and the provincial executive council. The result, he said, was "parallelism" between the ANC and government structures, citing the Eastern Cape, Western Cape and the Free State Provinces as prime examples of this problem.

18. (U) According to press reports, Mbeki stated that the NGC had to answer questions about how the branches and other structures of the ANC could help achieve the national democratic revolution and assess progress it had made promoting its principles, eradicating poverty, and improving social cohesion.

19. (C) Comment: The ANC indeed appears to be in increasing disunity. The rank and file forced senior ANC leaders to backtrack on the decision to omit the Zuma issue from the NGC's agenda, demonstrating a fundamental difference of opinion with Mbeki on his handling of the matter and throwing a political lifeline to Zuma. Although initial reaction to Zuma's firing was muted and Mbeki's popularity rose in some elements of South African society, there obviously is strong on-going grassroots and ANC support for Zuma. Moreover, ANC branches are functioning in only half of the country's municipal wards, as indicated by violent protests over poor delivery of services and some ANC members' lead role in creating structures outside the ANC. The municipal elections scheduled for December or early 2006 could be an indication of a weakening trend in the ANC dominance in South Africa, if any of the opposition parties were in a position to take advantage of ANC vulnerability.

FRAZER